



## DEPARTMENT OF COMMERCE

### Submission for OMB Review; Comment Request

The Department of Commerce will submit to the Office of Management and Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. chapter 35).

*Agency:* U.S. Census Bureau.

*Title:* Annual Survey of Entrepreneurs.

*OMB Control Number:* None.

*Form Number(s):* The online survey instrument does not have a form number.

*Type of Request:* New collection.

*Number of Respondents:* 290,000.

*Average Hours Per Response:* 35 minutes.

*Burden Hours:* 169,167.

*Needs and Uses:* In an effort to improve the timely measurement of business dynamics in the United States, the U.S. Census Bureau plans to conduct a new annual survey focused on employer businesses. The new survey will be known as the Annual Survey of Entrepreneurs (ASE) and will collect information on characteristics of businesses and business owners. The survey was going to be called the Annual Survey of Business Owners, but that name was changed to fit the survey's focus on assessing entrepreneurial business practices and demographics. The ASE will be a supplement to the Survey of Business Owners and Self-Employed Persons (SBO), which provides economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status every 5 years. The ASE is an intercensal program. The ASE will help

assess the health of the economy and provide detailed statistics on businesses and business owners more frequently. The ASE is a joint effort funded by the Ewing Marion Kauffman Foundation, the Minority Business Development Agency (MBDA), and the Census Bureau. On behalf of the Secretary of Commerce, pursuant to section 1(a)(3) of Executive Order 11625, the MBDA may enter into this agreement with the Census Bureau to establish a means for the development, collection, summation, and dissemination of information that will be helpful to persons and organizations throughout the nation in undertaking or promoting the establishment and successful operation of minority business enterprises. The Census Bureau will collaborate with the Kauffman Foundation, the MBDA, and other agencies to ensure the ASE is as robust and effective as possible.

The Census Bureau will collect data starting with the 2014 reference year, with corresponding estimates released in 2016. Estimates will include number of firms, sales/receipts, annual payroll, and employment by gender, ethnicity, race, and veteran

status. The ASE includes questions from the 2012 SBO long form SBO-1 with additional questions to collect data on entrepreneurs' access to capital. The ASE will introduce a new module each year focusing on an important component related to business growth. Proposed module topics include innovation, research and development, technological advances, Internet usage, management and business practices, exporting practices, and globalization. The 2014 ASE module covers innovation and research and development. The survey will be a sample of 290,000 employer businesses stratified by metropolitan statistical area (MSA), state, frame, and age of business. By oversampling young businesses, this survey will help assess the impact young firms have on the growth of the economy. Additionally, the survey will implement a longitudinal component that will allow the growth of the firms in the sample to be tracked and analyzed over time.

This collection will allow the Census Bureau to collaborate on the implementation of a key National Academies recommendation for improving the measurement of business

dynamics in the U.S. economy, which recommended:

“The Census Bureau Survey of Business Owners (SBO) should be conducted on an annual basis. The survey should include both a longitudinal component and a flexible, modular design that allows survey content to change over time. In addition, the Census Bureau should explore the possibility of creating a public-use (anonymized) SBO or a restricted access version of the data file.”

Lisa M. Lynch, John Haltiwanger, and Christopher Mackie, eds. *Understanding Business Dynamics: An Integrated Data System for America’s Future*. National Academies Press, 2007.

The additional sources of capital and financing questions will provide information on the financial trends and financial challenges faced by entrepreneurs. Tabulation of the

financing questions will offer insight into the type of funding acquired and used by women-, minority-, and veteran-owned businesses. The 2014 ASE module will allow for a better understanding of the innovation and research and development activities conducted by entrepreneurs. Additionally, it will allow for an assessment on the competitiveness of businesses by ownership characteristics. The longitudinal component will help track and assess the growth of firms in the sample over time. This will also allow for research into the changes to the characteristics of businesses over time.

Under Title 13, United States Code, Section 182, the Secretary of Commerce has deemed it necessary to conduct an annual survey on characteristics of businesses and business owners. The ASE augments the quinquennial SBO collected and disseminated under Title 13, United States Code, Section 131.

Government program officials, industry organization leaders, economic and social

analysts and researchers, and business entrepreneurs are anticipated users of ASE

statistics. Examples of data use include:

- The Small Business Administration (SBA) and the Minority Business

Development Agency (MBDA) to assess business assistance needs and allocate available program resources.

- Local government commissions on small and disadvantaged businesses to

establish and evaluate contract procurement practices.

- Federal, state and local government agencies as a framework for planning,

directing and assessing programs that promote the activities of disadvantaged groups.

- The National Women's Business Council to assess the state of women's

business ownership for policymakers, researchers, and the public at large.

- Consultants and researchers to analyze long-term economic and

demographic shifts, and differences in ownership and performance among geographic areas.

- Individual business owners to analyze their operations in comparison to similar firms, compute their market share, and assess their growth and future prospects.
- Researchers and businesses to understand the innovation and research and development activities conducted by entrepreneurs.
- Federal agencies to assess the competitiveness of businesses by ownership characteristics.
- Data users to understand time-series data in certain industries for entrepreneurs.
- Business owners or perspective business owners to gain knowledge about the funding of businesses.

Businesses which reported any business activity on any one of the following Internal Revenue Service (IRS) tax forms will be eligible for survey selection: 1040 (Schedule C), "Profit or Loss from Business" (Sole Proprietorship); 1065, "U.S. Return of Partnership



Income”; 941, “Employer’s Quarterly Federal Tax Return”; 944 “Employer’s Annual Federal Tax Return”; or any one of the 1120 corporate tax forms. Current plans will only request responses from businesses filing the 941, 944, or 1120 tax forms. Estimates for businesses filing the 1040 or 1065 tax returns will be created using statistical modeling of administrative data and will only provide data by gender, ethnicity, race, and veteran status by geography, industry, and size of firm.

The 2014 ASE collection is electronic only. An initial letter that informs the respondents of their requirement to complete the survey and provides survey access instructions will be mailed from the Census Bureau’s processing headquarters in Jeffersonville, Indiana. There will be 290,000 letters mailed to employer businesses that were in business during 2014. Initial mailout will occur in September 2015, with a due date of November 4, 2015. There will be two follow-up letter mailings to nonrespondents after the due date. Closeout of mail operations is scheduled for January 2016. Upon the

close of the collection period, the response data will be processed, edited, reviewed, tabulated, and released publically.

The survey will collect data on the gender, ethnicity, race, and veteran status for up to four persons owning the majority of rights, equity, or interest in the business. These data are needed to evaluate the extent and growth of business ownership by women, minorities, and veterans in order to provide a framework for assessing and directing federal, state, and local government programs designed to promote the activities of disadvantaged groups.

The SBA and the MBDA will use the data to allocate resources for their business assistance programs.

The data will also be widely used by private firms and individuals to evaluate their

own businesses and markets. Additionally, the data will be used by entrepreneurs to write business plans and loan application letters, by the media for news stories, by researchers and academia for determining firm characteristics, and by the legal profession in evaluating the concentration of minority businesses in particular industries and/or geographic areas.

*Affected Public:* Business or other for-profit; Not-for-profit institutions.

*Frequency:* Annually.

*Respondent's Obligation:* Mandatory.

*Legal Authority:* Title 13 U.S.C., Sections 8(b), 131, and 182; and Executive Order 11625, Section 1(a)(3).

This information collection request may be viewed at [www.reginfo.gov](http://www.reginfo.gov). Follow the instructions to view Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to [OIRA\\_Submission@omb.eop.gov](mailto:OIRA_Submission@omb.eop.gov) or fax to (202)395-5806.

Dated: July 27, 2015

Glenna Mickelson,

*Management Analyst, Office of the Chief Information Officer.*

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